

CONFIDENTIAL BUSINESS INFORMATION



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June 27, 2011

Mr. James F. Beacham, Sr.
Nationwide
P.O. Box 1346
Westminster, MD 21158

Subject: Insured: Kaiser Cement Corporation ("Kaiser Cement") and Kaiser Gypsum Company, Inc. ("Kaiser Gypsum")
Insurer: National Casualty Company ("National")
Claim: Lower Duwamish Waterway Superfund Site ("Site")
Ref. No.: 1338428-228 (Scottsdale Claim Number)

Dear Mr. Beacham:

We represent Kaiser Cement and Kaiser Gypsum with respect to their claims for insurance coverage for any liability they have related to the Lower Duwamish Waterway Superfund Site. We are in receipt of your letter dated January 18, 2011 in which you acknowledged the receipt of tender letters and requested additional information. The purpose of this letter is to provide the additional information and make some clarifications.

Your letter acknowledged the receipt of two tender letters, but the text of the letter treated the two claims for insurance coverage as a single claim by Kaiser Gypsum. To be clear, the claims tendered to National by Kaiser Cement, by letter dated December 22, 2010, and Kaiser Gypsum, by letter dated December 21, 2010, are separate and distinct claims for coverage under National Policy No. XU000036 because Kaiser Gypsum and Kaiser Cement are separate legal entities that owned and operated facilities at different locations on the Lower Duwamish Waterway and received separate Section 104(e) information requests from the EPA. The two entities have separately responded to EPA's information request and continue to incur separate and distinct defense costs. Accordingly, please assign two separate reference numbers to these claims for coverage.

In your letter, you requested a copy of the EPA's Section 104(e) letter to Kaiser Gypsum, clarification of the corporate relationship between Kaiser Cement,

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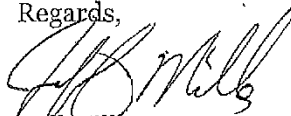
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Kaiser Gypsum, and Hanson Permanente Cement, Inc. ("Hanson"), and some additional information. As noted above, Kaiser Gypsum and Kaiser Cement each received a 104(e) request from the EPA. Copies of both of these requests are included on the enclosed CD along with their preliminary responses. As we explained in the tender letters, Kaiser Cement and Kaiser Gypsum were only able to prepare preliminary responses to EPA's requests because there are voluminous historical records that they need to review in order to prepare a complete response. We trust that EPA's 104(e) requests and the preliminary responses fulfill your other requests for information. You can also learn more about the Site at <http://yosemite.epa.gov/r10/cleanup.nsf/sites/lduwamish>.

You asked us to clarify the relationship between Hanson, Kaiser Cement, and Kaiser Gypsum. In 1989, Kaiser Cement was merged into an Arizona corporation called Superlite Builders Supply, Inc. At the same time, the surviving Arizona corporation was renamed to Kaiser Cement Corporation. The name of this corporation was changed to Hanson Permanente Cement, Inc. in 1999. Kaiser Gypsum has been a wholly-owned subsidiary of Kaiser Cement (now known as Hanson Permanente Cement, Inc.) since at least 1961. Pursuant to the Named Insured Endorsement (Endorsement 1) of the lead umbrella policy issued by First State Insurance Company (Policy No. 941233), any subsidiary of Kaiser Cement is considered a "Named Insured" under the policy. Accordingly, Kaiser Gypsum is considered a named insured under the National Policy No. XU000036.

If you have any questions, please e-mail me at jeff.miller@millernash.com or call me or Steve Hill at 360-699-4771.

Regards,



Jeff Miller

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